

**OREGON TOWNSHIP
LAPEER, MICHIGAN**

**FINANCIAL REPORT
WITH ADDITIONAL INFORMATION
FOR YEAR ENDED JUNE 30, 2008**

OREGON TOWNSHIP

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BROWN & KENT, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board Members
Oregon Township
Lapeer, MI 48446

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Township (the "Township"), Lapeer, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Oregon Township, Lapeer, Michigan, at June 30, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oregon Township's basic financial statements. The accompanying other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Brown & Kent, P.C.

Certified Public Accountants

November 6, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OREGON TOWNSHIP
LAPEER COUNTY
LAPEER, MICHIGAN**

Management's Discussion and Analysis

As management of Oregon Township, Lapeer County, Lapeer, Michigan (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the Township's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented herein in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Oregon Township exceeded its liabilities at the end of the fiscal year by \$876,923. Of this amount, \$596,160 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township's governmental funds reported a combined ending fund balance of \$616,160, an increase of \$133,193 in comparison with the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$476,536, an increase of \$84,261 from the beginning of the year.
- The Township's total debt decreased \$33,469, during the current fiscal year.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. It also contains other supplemental information to provide a greater detail of the data presented in the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements provide information about the activities of the Township, presenting a broad long-term overview of the Township's finances, in a manner similar to a private-sector business. This longer-term view uses the accrual basis of accounting, so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The Statement of Net Assets and the Statement of Activities report the governmental activities for the Township, which encompasses all of the Township's services, including general government, public safety, public works, and cemetery operations. Property taxes and unrestricted state-shared revenue finance most of these activities.

Reporting the Township's Most Significant Funds – Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds, not the Township as a whole.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law.

These fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

All of the funds of the Township can be divided into two categories:

- (1) Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements.
- (2) Fiduciary Funds – The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Township's own programs.

Notes to the Financial Statements

The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE TOWNSHIP AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position.

The following table shows, in a condensed format, the net assets as of June 30, 2008.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Increase / (Decrease)</u>
Assets			
Current Assets	\$ 619,481	\$ 519,757	\$ 99,724
Capital Assets – Net of Depreciation	260,763	277,528	(16,765)
Total Assets	<u>880,244</u>	<u>797,285</u>	<u>82,959</u>
Liabilities			
Current Liabilities	<u>3,321</u>	<u>36,790</u>	<u>(33,469)</u>
Total Liabilities	<u>3,321</u>	<u>36,790</u>	<u>(33,469)</u>
Net Assets			
Invested in Capital Assets	260,763	277,528	(16,765)
Restricted	20,653	20,653	-
Unrestricted	595,507	462,314	133,193
Total Net Assets	<u>\$ 876,923</u>	<u>\$ 760,495</u>	<u>\$ 116,428</u>

The following table shows the changes of net assets during the fiscal year ending June 30, 2008.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues			
Charges for Services	\$ 128,253	\$ 122,346	\$ 5,907
General Revenue			
Property Taxes and Collection Fees	337,172	319,820	17,352
State-shared Revenue	427,505	428,113	(608)
Franchise Fees	22,421	20,810	1,611
Other Revenue	28,743	20,620	8,123
Total Revenue	944,094	911,709	32,385
Program Expenses			
General Government	328,937	346,875	(17,938)
Health and Welfare	18,498	18,498	-
Public Safety	293,492	292,391	1,101
Public Works	169,600	232,052	(62,452)
Cemetery	17,139	16,945	194
Total Program Expenses	827,666	906,761	(79,095)
Change in Net Assets	116,428	4,948	111,480
Net Assets – Beginning of year	760,495	755,547	4,948
Net Assets – End of year	<u>\$ 876,923</u>	<u>\$ 760,495</u>	<u>\$ 116,428</u>

The Township's total governmental revenues, as reported in the Statement of Activities, totaled approximately \$944,000, up from the prior fiscal year. There were increases in all revenue categories except State-shared Revenue which decreased again this year. Total program expenses, as reported in the Statement of Activities, totaled approximately \$828,000. This was a decrease of approximately \$79,000 over the prior fiscal year. Significant decreases in expenditures include reductions in attorney fees and roadwork. There were significant decreases in attorney fees due to the settlement of the Genesee County Park Lawsuit. There were also significant decreases in roadwork expenditures over the prior fiscal year as there were no large unexpected repairs, as there was in the prior year.

THE TOWNSHIP'S FUNDS

The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health. The analysis of the Township's major funds begins on page 4, following the government-wide financial statements.

The Township completed this year with a combined governmental fund balance of \$616,160, an increase of \$133,193 from last year. The General Fund's fund balance increased \$84,261. This was due in part to the increased revenues and reduction of expenditures by the Township.

The General Fund accounts for most of the Township's government services. The most significant are fire protection, law enforcement, assessing, and roads. Except for law enforcement, management of these services is not supported by special millages, but through the general revenues of property taxes and state-shared revenue. Law enforcement is only partially supported by special millage.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the Township had \$535,378 invested in broad range of capital assets, including land, buildings, and equipment. This amount represents a net decrease of \$9,880.

	June 30, 2008	June 30, 2007	Increase / (Decrease)
Land and Improvements	\$ 136,476	\$ 136,476	\$ -
Buildings and Improvements	290,319	290,319	-
Equipment	108,583	118,463	(9,880)
Total Capital Assets	535,378	545,258	(9,880)
Less Accumulated Depreciation	274,615	267,730	6,885
Net Capital Assets	<u>\$ 260,763</u>	<u>\$ 277,528</u>	<u>\$ (16,765)</u>

The Township disposed of several obsolete and/or unused computers and replaced the file server. See Note 3 of the financial statements for additional information.

Debt Administration

The Township has no long-term debt outstanding as of June 30, 2008.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget of the General Fund was an increase in appropriations of \$25,000. There was no change in the revenue budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Because of the impact of proposal A and the Headlee Amendment the Township must continue to watch the budget very closely. Among the most significant events during the fiscal year was the dramatic decrease in home values, increase in home foreclosures, along with the increase in fuel costs and increase in unemployment. Along with these factors, the increase cost for Fire and Police protection will cause the Township to continue monitoring it's spending in other areas to offset these increases in expenditures and decreases in revenue. The Statutory portion of the State revenue sharing has been restored but the Constitutional portion was decreased by the amount of the Statutory portion.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our residents, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township office at 2525 Marathon Road, Lapeer, MI 48446.

BASIC FINANCIAL STATEMENTS

**OREGON TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2008**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash in Bank	
Demand Deposits	\$ 49,106
Savings Deposits	117,593
Certificates of Deposit	11,822
Investments	400,566
Petty Cash	246
Receivables	
Accounts Receivable - Other	13,723
Accounts Receivable - Fire Runs	26,425
Total Current Assets	<u>619,481</u>
Capital Assets	
Land and Improvements, Net of Depreciation	39,771
Building and Improvements, Net of Depreciation	162,789
Equipment, Net of Depreciation	58,203
Total Capital Assets	<u>260,763</u>
TOTAL ASSETS	<u><u>\$ 880,244</u></u>
LIABILITIES	
Accounts Payable	\$ 3,071
Accrued Wages	250
TOTAL LIABILITIES	<u>3,321</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	260,763
Restricted for	
Permanent Fund - Perpetual Care Fund	
Expendable	653
Non-Expendable	20,000
Unrestricted	595,507
TOTAL NET ASSETS	<u>876,923</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 880,244</u></u>

The accompanying notes are an integral part of the financial statements.

**OREGON TOWNSHIP
STATEMENT OF ACTIVITIES
JUNE 30, 2008**

	Functions / Programs			
	General Government	Health and Welfare	Public Safety	Public Works
EXPENSES				
Salaries and Benefits	\$ 175,049	\$ -	\$ 5,672	\$ -
Employment Taxes	10,585	-	430	-
Professional Services	53,244	18,498	277,118	-
Materials and Supplies	13,241	-	-	-
Repairs and Maintenance	6,384	-	-	-
Roads	-	-	-	166,225
Recycling	-	-	-	1,960
Street Lights	-	-	-	1,120
Other Program Expenses	55,479	-	10,272	295
Depreciation	14,955	-	-	-
TOTAL EXPENSES	328,937	18,498	293,492	169,600
PROGRAM REVENUES				
Charges for Services	4,050	-	120,178	-
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
NET PROGRAM (EXPENSES)				
REVENUES	(324,887)	(18,498)	(173,314)	(169,600)
GENERAL REVENUES				
Property Taxes				
Collection Fees				
State Revenue Sharing				
Interest Income				
Cable TV Franchise Fee				
Hall Rental				
Sale of Capital Assets				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING				
NET ASSETS - ENDING				

The accompanying notes are an integral part of the financial statements.

<u>Cemetery</u>	<u>Total Governmental</u>
\$ -	\$ 180,721
-	11,015
11,040	359,900
-	13,241
-	6,384
-	166,225
-	1,960
-	1,120
2,448	68,494
3,651	18,606
<u>17,139</u>	<u>827,666</u>
4,025	128,253
-	-
<u>-</u>	<u>-</u>
<u>(13,114)</u>	<u>(699,413)</u>
	286,009
	51,163
	427,505
	16,784
	22,421
	1,950
	(1,894)
	<u>11,903</u>
	815,841
	116,428
	<u>760,495</u>
	<u><u>\$ 876,923</u></u>

**OREGON TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General Fund	Cemetery Operating Fund	Public Improvement Fund	Other Governmental Funds
ASSETS				
Cash in Bank				
Demand Deposits	\$ 34,200	\$ 14,906	\$ -	\$ -
Savings Deposits	116,940	-	-	653
Certificates of Deposit	-	11,822	-	-
Investments	283,218	-	97,225	20,123
Petty Cash	246	-	-	-
Due from Other Funds	5,165	123	-	-
Accounts Receivable - Other	13,660	63	-	-
Accounts Receivable - Fire Runs	26,425	-	-	-
TOTAL ASSETS	<u><u>\$ 479,854</u></u>	<u><u>\$ 26,914</u></u>	<u><u>\$ 97,225</u></u>	<u><u>\$ 20,776</u></u>
LIABILITIES				
Accounts Payable	\$ 3,068	\$ 3	\$ -	\$ -
Accrued Expenses	250	-	-	-
Due to Other Funds	-	5,165	-	123
TOTAL LIABILITIES	<u><u>3,318</u></u>	<u><u>5,168</u></u>	<u><u>-</u></u>	<u><u>123</u></u>
FUND EQUITY				
Fund Balance				
Unreserved - Undesignated	476,536	11,746	97,225	20,653
Reserved	-	10,000	-	-
TOTAL FUND EQUITY	<u><u>476,536</u></u>	<u><u>21,746</u></u>	<u><u>97,225</u></u>	<u><u>20,653</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 479,854</u></u>	<u><u>\$ 26,914</u></u>	<u><u>\$ 97,225</u></u>	<u><u>\$ 20,776</u></u>

The accompanying notes re an integral part of the financial statements.

Total Governmental Funds	Reconciliation of Total Governmental Funds Balances to Net Assets of Governmental Activities	
\$ 49,106	Total Governmental Funds Balances	\$ 616,160
117,593		
11,822	Amounts Reported for Governmental Activities	
400,566	in the Statement of Net Assets are different	
246	because:	
5,288		
13,723	Capital Assets used in Governmental Activities	
26,425	are not financial resources and, therefore,	
<u>\$ 624,769</u>	are not reported in the funds.	<u>260,763</u>
	Net Assets of Governmental Activities	<u>\$ 876,923</u>
\$ 3,071		
250		
<u>5,288</u>		
<u>8,609</u>		
606,160		
<u>10,000</u>		
<u>616,160</u>		
<u>\$ 624,769</u>		

OREGON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2008

	General Fund	Cemetery Operating Fund	Public Improvement Fund	Other Governmental Funds
REVENUES				
Taxes	\$ 337,172	\$ -	\$ -	\$ -
Intragovernmental	427,505	-	-	-
Charges for Services	124,228	4,025	-	-
Sale of Capital Assets	-	-	-	-
Interest	13,389	491	2,141	763
Other Revenue	36,273	-	-	-
TOTAL REVENUES	<u>938,567</u>	<u>4,516</u>	<u>2,141</u>	<u>763</u>
EXPENDITURES				
General Government	317,716	-	-	-
Health and Welfare	18,498	-	-	-
Cemetery	-	13,488	-	-
Public Safety	293,492	-	-	-
Public Works	169,600	-	-	-
TOTAL EXPENDITURES	<u>799,306</u>	<u>13,488</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>139,261</u>	<u>(8,972)</u>	<u>2,141</u>	<u>763</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	15,763	40,000	-
Operating Transfers Out	(55,000)	-	-	(763)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(55,000)</u>	<u>15,763</u>	<u>40,000</u>	<u>(763)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	84,261	6,791	42,141	-
FUND BALANCE - BEGINNING	<u>392,275</u>	<u>14,955</u>	<u>55,084</u>	<u>20,653</u>
FUND BALANCE - ENDING	<u>\$ 476,536</u>	<u>\$ 21,746</u>	<u>\$ 97,225</u>	<u>\$ 20,653</u>

The accompanying notes are an integral part of the financial statements.

Total Governmental Funds	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
\$ 337,172	Net change in fund balance -	
427,505	Total Governmental Funds	\$ 133,193
128,253		
-	Amounts reported for Governmental Activities	
16,784	in the Statement of Activities are different	
36,273	because:	
<u>945,987</u>		
	Governmental Funds report capital outlays as	
317,716	expenditures. In the Statement of Activities	
18,498	the cost of those assets is allocated over their	
13,488	estimated useful lives as depreciation expense.	
293,492	This is the amount by which depreciation	
169,600	exceeded capital outlays in the current period.	(14,871)
<u>812,794</u>		
	Governmental Funds report the proceeds from	
	the sale of Capital Assets. In the Statement	
133,193	of Activities, only the gain or loss on the	
	sale of these assets is reported. This is the	
	amount by which the loss exceeded the	
55,763	proceeds in the current period.	<u>(1,894)</u>
<u>(55,763)</u>	Change in Net Assets of Governmental Activities	<u>116,428</u>
-		
133,193		
<u>482,967</u>		
<u>\$ 616,160</u>		

OREGON TOWNSHIP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

	Trust and Agency Fund	Tax Collection Fund	Total Agency Funds
ASSETS			
Demand Deposits	\$ 292	\$ -	\$ 292
Savings	3,808	-	3,808
Investments	-	-	-
TOTAL ASSETS	<u>\$ 4,100</u>	<u>\$ -</u>	<u>\$ 4,100</u>
LIABILITIES			
Deposits Payable	\$ 4,100	\$ -	\$ 4,100
Due to Others	-	-	-
TOTAL LIABILITIES	<u>4,100</u>	<u>-</u>	<u>4,100</u>
NET ASSETS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Oregon Township (the "Township"), conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. REPORTING ENTITY

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes providing police protection, fire services, road maintenance and repairs, cemeteries, and planning and zoning. The Board of Trustees and the Township Administrator have direct responsibility for these activities.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority or the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organizations. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes, or determines the budget.

Based on the aforementioned criteria, Oregon Township has no component units.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include; (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Township has presented the following major governmental funds.

General Fund – The General Fund is the general operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Public Improvement Fund – The Public Improvement Fund is used to set aside monies for the future improvements to the Township. When items are constructed money is moved from this fund to the General Fund and expenditures are accounted for there.

Cemetery Operating Fund – The Cemetery Operating Fund is used to account for the revenues and expenditures of operating the cemetery.

Additionally, the Township has two agency fiduciary funds as follows:

Trust and Agency Fund – This fund is used to account for the collection and disbursement of performance and other deposits payable.

Tax Collection Fund – This fund is used to account for the collection and disbursement of property taxes assessed within the Township.

Additionally, the Township reports a Permanent fund, which is used to account for resources held in trust for use by the Township's cemetery. Legal restrictions on use of the funds' resources require that the principal remain intact and only the earnings be used.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets, and the statement of activities presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time liability is incurred.

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the Township are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

D. BUDGETS AND BUDGETARY ACCOUNTING

The Township Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the beginning of the fiscal year, the Board proposes an operating budget for each budgetary fund. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statute requires that the budget be submitted in summary form. Also, more detailed line item budgets are included for administrative control.
- (2) A public hearing is conducted to obtain taxpayer comment.
- (3) The budgets are adopted by a majority vote of the Township Board.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- (5) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

Amendments to the Budget are approved by the Township Board, as necessary.

E. CASH EQUIVALENTS

The Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. INVESTMENTS

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations.

H. USE OF ESTIMATES

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

I. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$500 or more for equipment and \$5,000 or more for non-equipment, and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	5-50 years
Equipment	5-20 years
Land Improvements	15-20 years

J. NET ASSETS

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

K. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds."

L. GOVERNMENTAL FUND BALANCE RESERVES

The Township records reservations for portions of governmental fund balances which are legally segregated for specific future use or which do not represent available spendable resources and therefore not available for appropriation. Unreserved fund balance indicates the portion of fund balance that is available for appropriation in future periods.

OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary – Trust and Agency Funds	Total Primary Government
Bank Deposits			
Demand Deposits	\$ 49,106	\$ 292	\$ 49,398
Savings Deposits	117,593	3,808	121,401
Certificates of Deposit	11,822	-	11,822
Total Bank Deposits	178,521	4,100	182,621
Investments			
MBIA Asset Management	283,218	-	283,218
Comerica J Fund	117,348	-	117,348
Total Investments	400,566	-	400,566
Total Cash and Investments	\$ 579,087	\$ 4,100	\$ 583,187

The bank balance of the primary government's deposits is \$600,623, of which \$179,309 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

CREDIT RISK

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

Investment	Fair Value	Rating	Rating Organization
MBIA Asset Management	\$ 283,218	AAA-V1	Fitch
Comerica J Fund	\$ 117,348	Not Rated	N/A

CUSTODIAL CREDIT RISK – BANK DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year-end \$20,748 of the Township's bank balance of \$200,057 was exposed to custodial credit risk because it was uninsured and uncollateralized.

OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK – INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Township does not have a policy for investment custodial credit risk.

INTEREST RATE RISK

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The Township minimizes this risk by investing in liquid asset funds, money market mutual funds, shorter-term securities and similar investment pools and limiting the average maturity in accordance with the Township's investment policy.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township minimizes this risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

FOREIGN CURRENCY RISK

The Township is not authorized to invest in investments which have this type of risk.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance 7-01-07	Additions	Deletions	Balance 6-30-08
Capital Assets Not Being Depreciated				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Total Capital Assets Not Being Depreciated	11,000	-	-	11,000
Capital Assets Being Depreciated				
Land Improvements	125,476	-	-	125,476
Building and Improvements	290,319	-	-	290,319
Equipment	118,463	3,735	13,615	108,583
Total Capital Assets Being Depreciated	534,258	3,735	13,615	524,378
Less Accumulated Depreciation for				
Land Improvements	92,277	4,428	-	96,705
Building and Improvements	121,188	6,342	-	127,530
Equipment	54,265	7,836	11,721	50,380
Total Accumulated Depreciation	267,730	18,606	11,721	274,615
Total Capital Assets Being Depreciated, Net	266,528	(14,871)	1,894	249,763
Total Government Assets, Net	\$ 277,528	\$ (14,871)	\$ 1,894	\$ 260,763

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008**

NOTE 3 – CAPITAL ASSETS (Continued)

Depreciation expense was charged as direct expense to programs of the primary government as follows:

General Government	\$ 14,955
Cemetery	3,651
Total Depreciation Expense	<u>\$ 18,606</u>

NOTE 4 – PROPERTY TAXES

The Township's property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2007 tax is levied and collectible on December 1, 2007, and is recognized as revenue in the year ended June 30, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2007 taxable valuation of the Township totaled approximately \$194,000,000 on which taxes levied consisted of 1.4738 mills for operating purposes. This resulted in approximately \$286,000 for operating purposes. This amount was recognized in the General Fund financial statements as tax revenue.

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Operating transfers constitute the transfer of resources from the fund that received the resources to the fund that utilized them. The interfund transfers are as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Fund</u>	<u>Operating Transfers Out</u>
Special Revenue		General Fund	\$ 55,000
Cemetery Operating	\$ 15,763	Fiduciary Fund	
Public Improvement	40,000	Cemetery Perpetual Care	763
Total	<u>\$ 55,763</u>	Total	<u>\$ 55,763</u>

Interfund Receivables/Payables

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General Fund	\$ 5,165	Special Revenue Fund	
Special Revenue Fund		Cemetery Operating	\$ 5,165
Cemetery Operating	123	Fiduciary Fund	
		Cemetery Perpetual Care	123
Total	<u>\$ 5,288</u>	Total	<u>\$ 5,288</u>

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008**

NOTE 6 – PENSION PLAN

The Township makes annual contributions to the John Hancock Defined Contribution Plan for Governmental Employees for all eligible employees. The Township contributes 25% of eligible wages to the plan. Eligible employees may make contributions of 1% - 75% of compensation.

The Township contributed \$24,563 to the plan for the year ended June 30, 2008.

NOTE 7 – CONTRACTS

A. LAW ENFORCEMENT CONTRACT

The Township has a contract with the Lapeer County Sheriff's Department for law enforcement services. The contract amount for January 1, 2007 through December 31, 2007 was \$168,535. The contract amount for January 1, 2008 through December 31, 2008 is \$170,513. Payments are to be made by the 5th day of each month. An adjustment is made each December based on actual usage and for rank of officer provided. A credit of \$6,963 was given to the Township for the 2007 calendar year.

B. FIRE DEPARTMENT CONTRACT

The Marathon Area Fire Authority was paid a standby fee of \$25,000 for the period January 1, 2007 through December 31, 2007, and a standby fee of \$27,500 for the period January 1, 2008 through December 31, 2008, for fire services. The Marathon Area Fire Authority also charges service fees for each fire run.

The City of Lapeer was paid \$73,815 for fire services, for the period July 1, 2007 through June 30, 2008.

The services fees are paid by Oregon Township when billed by the fire departments. The Township then bills the property owner who was provided the fire run service.

NOTE 8 – COMMITMENTS

The Township entered into an agreement on April 11, 2000, with the Board of County Commissioners of the County of Lapeer, to pay \$1,463,582 for improving, maintaining, and repairing certain public roads within the Township. Payments made for year ended June 30, 2008 totaled \$134,203.

Future payments required under this agreement are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2009	\$ 128,598
2010	122,934
2011	117,215
Thereafter	-
	<u>\$ 368,747</u>

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2008**

NOTE 9 – RISK MANAGEMENT

The Township has exposure to risks of loss due to torts, errors and omissions, and property loss. The Township manages these risks by purchasing commercial insurance.

NOTE 10 – CONTINGENCIES

The Township is also continuously involved in District Court ordinance enforcement actions. These District Court matters do not involve costs to the Township beyond prosecution expenses.

REQUIRED SUPPLEMENTAL INFORMATION

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
TAXES				
Property Taxes	\$ 253,446	\$ 253,446	\$ 258,597	\$ 5,151
Delinquent Property Tax	28,161	28,161	27,412	(749)
Collection Fees	49,200	49,200	51,163	1,963
TOTAL TAXES	<u>330,807</u>	<u>330,807</u>	<u>337,172</u>	<u>6,365</u>
INTERGOVERNMENTAL				
State Revenue Sharing	<u>428,500</u>	<u>428,500</u>	<u>427,505</u>	<u>(995)</u>
TOTAL INTERGOVERNMENTAL	<u>428,500</u>	<u>428,500</u>	<u>427,505</u>	<u>(995)</u>
CHARGES FOR SERVICES				
Building Permits	-	-	50	50
Fines and Forfeits	200	200	-	(200)
Fire Run Fees and Fines	30,100	30,100	45,503	15,403
Land Divisions	2,500	2,500	1,200	(1,300)
Penal Fines	300	300	25	(275)
Special Assessments	73,060	73,060	74,650	1,590
Special Meetings	<u>3,000</u>	<u>3,000</u>	<u>2,800</u>	<u>(200)</u>
TOTAL CHARGES FOR SERVICES	<u>109,160</u>	<u>109,160</u>	<u>124,228</u>	<u>15,068</u>
MISCELLANEOUS SOURCES				
Interest Earned	10,000	10,000	13,389	3,389
Township Hall Rental	1,000	1,000	1,950	950
Cable TV	15,000	15,000	22,421	7,421
Sale of Fixed Assets	-	-	-	-
Other Revenue	<u>2,000</u>	<u>2,000</u>	<u>11,902</u>	<u>9,902</u>
TOTAL MISCELLANEOUS SOURCES	<u>28,000</u>	<u>28,000</u>	<u>49,662</u>	<u>21,662</u>
TOTAL REVENUES	<u>896,467</u>	<u>896,467</u>	<u>938,567</u>	<u>42,100</u>

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
LEGISLATIVE				
Salary	\$ 11,750	\$ 11,750	\$ 11,750	\$ -
Per Diem	600	1,200	1,350	(150)
Employer Medicare	201	201	187	14
Employer FICA	750	850	800	50
Life Insurance	400	520	518	2
Retirement	2,937	2,937	2,938	(1)
Mileage	300	500	404	96
District Court	100	100	-	100
Education and Training	500	180	50	130
TOTAL LEGISLATIVE	17,538	18,238	17,997	241
SUPERVISOR				
Salary	21,000	21,000	21,000	-
Employer Medicare	350	350	304	46
Employer FICA	1,350	1,350	1,302	48
Life Insurance	600	600	581	19
Retirement	5,250	5,250	5,250	-
Elective Insurance	800	800	615	185
Mileage	800	800	639	161
Education and Training	500	400	330	70
TOTAL SUPERVISOR	30,650	30,550	30,021	529
ELECTIONS				
Salaries	3,000	2,500	6,122	(3,622)
Employer Medicare	50	50	5	45
Employer FICA	100	100	21	79
Supplies	1,000	550	547	3
Computer	100	500	408	92
Postage	-	-	-	-
Mileage	100	10	52	(42)
Miscellaneous	200	100	24	76
Printing and Publishing	300	800	806	(6)
TOTAL ELECTIONS	4,850	4,610	7,985	(3,375)
LEGAL AND ACCOUNTING				
Legal and Accounting	20,000	8,500	4,825	3,675
TOTAL LEGAL AND ACCOUNTING	20,000	8,500	4,825	3,675

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
ASSESSING				
Contractual Services	\$ 35,649	\$ 35,649	\$ 35,649	\$ -
TOTAL ASSESSING	35,649	35,649	35,649	-
CLERK				
Salary	33,000	33,000	33,000	-
Salary - Deputy	12,600	13,956	13,956	-
Assistant Clerk	-	60	60	-
Employer Medicare	700	700	682	18
Employer FICA	2,850	2,950	2,915	35
Life Insurance	120	121	121	-
Retirement	8,250	8,250	8,250	-
Mileage	900	1,200	1,129	71
Education and Training	1,200	783	774	9
TOTAL CLERK	59,620	61,020	60,887	133
BOARD OF REVIEW				
Salaries	1,800	1,300	1,300	-
Employer Medicare	50	50	19	31
Employer FICA	150	150	81	69
TOTAL BOARD OF REVIEW	2,000	1,500	1,400	100
TREASURER				
Salary	32,500	32,500	32,500	-
Salary - Deputy	7,650	7,650	7,001	649
Employer Medicare	600	600	573	27
Employer FICA	2,500	2,500	2,449	51
Life Insurance	120	120	116	4
Retirement	8,125	8,125	8,125	-
Elective Insurance	5,525	4,181	4,180	1
Mileage	1,200	1,200	1,127	73
Education and Training	1,000	1,100	1,085	15
TOTAL TREASURER	59,220	57,976	57,156	820
TOWNSHIP HALL				
Salary	3,500	4,500	4,375	125
Contract Services	6,000	6,000	6,000	-
Employer Medicare	100	100	63	37
Employer FICA	250	300	271	29
Supplies	700	1,700	1,507	193
Insurance	7,000	6,515	6,512	3

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TOWNSHIP HALL (Continued)				
Utilities	\$ 9,500	\$ 11,000	\$ 9,971	\$ 1,029
Maintenance	3,900	4,400	4,124	276
Building Additions and Improvements	-	2,350	2,260	90
TOTAL TOWNSHIP HALL	<u>30,950</u>	<u>36,865</u>	<u>35,083</u>	<u>1,782</u>
OTHER GENERAL GOVERNMENT				
Salaries	11,600	12,023	11,118	905
Salary/Administrative Assistant	2,200	825	825	-
Employer Medicare	200	200	173	27
Employer FICA	900	900	740	160
Insurance and Bonds	15,000	13,400	12,381	1,019
Office Supplies	6,000	4,200	3,781	419
Computers	13,000	14,000	12,577	1,423
Postage	7,000	7,500	7,406	94
Professional Services	8,000	8,000	6,770	1,230
Mileage	400	400	137	263
Printing and Publishing	3,500	3,500	1,709	1,791
Miscellaneous	10,000	1,652	1,119	533
Retirement Administration	300	300	615	(315)
Dues	4,500	4,800	4,718	82
Education and Training	-	400	240	160
Conferences and Conventions	3,500	3,000	2,235	765
Equipment	500	385	169	216
TOTAL OTHER GENERAL GOVERNMENT	<u>86,600</u>	<u>75,485</u>	<u>66,713</u>	<u>8,772</u>
TOTAL GENERAL GOVERNMENT	<u>347,077</u>	<u>330,393</u>	<u>317,716</u>	<u>12,677</u>
PUBLIC SAFETY				
LAW ENFORCEMENT				
Contractual Services	170,000	163,000	162,561	439
Gas	7,500	9,500	9,122	378
TOTAL LAW ENFORCEMENT	<u>177,500</u>	<u>172,500</u>	<u>171,683</u>	<u>817</u>
FIRE SERVICE				
Fees	105,000	101,000	104,940	(3,940)
TOTAL FIRE SERVICE	<u>105,000</u>	<u>101,000</u>	<u>104,940</u>	<u>(3,940)</u>

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
BUILDING INSPECTIONS				
Salary - Zoning	7,000	3,600	2,442	1,158
Employer Medicare	-	100	35	65
Employer FICA	-	400	151	249
Professional Services - Inspections	3,000	1,200	868	332
Professional Services - Zoning	-	900	350	550
Mileage	-	500	257	243
Education and Training	-	100	25	75
TOTAL BUILDING INSPECTIONS	10,000	6,800	4,128	2,672
PLANNING				
Salaries	4,200	2,500	1,940	560
Employer Medicare	100	100	27	73
Employer FICA	300	300	117	183
Professional Services	9,000	9,000	8,400	600
Printing and Publishing	1,200	500	-	500
Education and Training	800	700	540	160
TOTAL PLANNING	15,600	13,100	11,024	2,076
BOARD OF APPEALS				
Wages	2,700	1,300	1,290	10
Employer Medicare	50	50	19	31
Employer FICA	200	200	80	120
Professional	500	-	-	-
Printing and Publishing	1,000	400	253	147
Education and Training	800	100	75	25
TOTAL BOARD OF APPEALS	5,250	2,050	1,717	333
TOTAL PUBLIC SAFETY	313,350	295,450	293,492	1,958
HEALTH AND WELFARE				
AMBULANCE				
Fees	18,500	18,500	18,498	2
TOTAL AMBULANCE	18,500	18,500	18,498	2
TOTAL HEALTH AND WELFARE	18,500	18,500	18,498	2
PUBLIC WORKS				
Drains	2,200	1,400	295	1,105
Street Lighting	1,250	1,134	1,120	14

**OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2008**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC WORKS (Continued)				
Recycling	\$ 2,100	\$ 2,100	\$ 1,960	\$ 140
Roads	184,355	201,055	166,225	34,830
TOTAL PUBLIC WORKS	189,905	205,689	169,600	36,089
CONTINGENCIES	25,135	16,435	-	16,435
TOTAL EXPENDITURES	893,967	866,467	799,306	67,161
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,500	30,000	139,261	109,261
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(2,500)	(55,000)	(55,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,500)	(55,000)	(55,000)	-
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (25,000)	84,261	\$ 109,261
FUND BALANCE - BEGINNING			392,275	
FUND BALANCE - ENDING			\$ 476,536	

**OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY OPERATING FUND
FOR YEAR ENDED JUNE 30, 2008**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for Services	\$ 2,500	\$ 2,500	\$ 4,025	\$ 1,525
Interest	450	450	491	41
TOTAL REVENUES	<u>2,950</u>	<u>2,950</u>	<u>4,516</u>	<u>1,566</u>
EXPENDITURES	<u>(13,140)</u>	<u>(13,140)</u>	<u>(13,488)</u>	<u>(348)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,190)</u>	<u>(10,190)</u>	<u>(8,972)</u>	<u>1,218</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	<u>3,450</u>	<u>15,950</u>	<u>15,763</u>	<u>(187)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,450</u>	<u>15,950</u>	<u>15,763</u>	<u>(187)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (6,740)</u>	<u>\$ 5,760</u>	6,791	<u>\$ 1,031</u>
FUND BALANCE - BEGINNING			<u>14,955</u>	
FUND BALANCE - ENDING			<u>\$ 21,746</u>	

**OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC IMPROVEMENT FUND
FOR YEAR ENDED JUNE 30, 2008**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 2,500	\$ 2,500	\$ 2,141	\$ (359)
TOTAL REVENUES	<u>2,500</u>	<u>2,500</u>	<u>2,141</u>	<u>(359)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,500	2,500	2,141	(359)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,500</u>	<u>\$ 42,500</u>	42,141	<u>\$ (359)</u>
FUND BALANCE - BEGINNING			<u>55,084</u>	
FUND BALANCE - ENDING			<u>\$ 97,225</u>	

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

**OREGON TOWNSHIP
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED JUNE 30, 2008**

BUDGETARY INFORMATION

The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board.

The budget has been prepared in accordance with generally accepted accounting principles for the General Fund and all Special Revenue Funds.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparison of actual results of operations to the budgets of the General Fund and Major Special Revenue Funds, as adopted by the Township Board, are included in the Required Supplemental Information of the basic financial statements. A comparison of the actual results of operations to the Non-major Special Revenue Funds budgets, as adopted by the Township, is included the Other Supplemental Information section of the financial statements.

EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

The Township had expenditure budget overruns as follows:

<u>Fund and Activity</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund Election	\$ 4,610	\$ 7,985	\$ 3,375
Public Safety Fire Service	101,000	104,940	3,940
Cemetery Operating Fund Expenditures	13,140	13,488	348

OTHER SUPPLEMENTAL INFORMATION

**OREGON TOWNSHIP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Permanent Fund	
	Cemetery Trust Fund	Total Non-major Governmental Funds
ASSETS		
Cash in Bank		
Savings	\$ 653	\$ 653
Investments	20,123	20,123
TOTAL ASSETS	<u>\$ 20,776</u>	<u>\$ 20,776</u>
LIABILITIES		
Due to Other Funds	\$ 123	\$ 123
TOTAL LIABILITIES	<u>123</u>	<u>123</u>
FUND EQUITY		
Fund Balance		
Unreserved - Undesignated	20,653	20,653
TOTAL FUND EQUITY	<u>20,653</u>	<u>20,653</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,776</u>	<u>\$ 20,776</u>

**OREGON TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Permanent Fund	Total Non-major Governmental Funds
	Cemetery Trust Fund	
REVENUES		
Charges for Services	\$ -	\$ -
Interest	763	763
TOTAL REVENUES	<u>763</u>	<u>763</u>
EXPENDITURES		
Cemetery	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>763</u>	<u>763</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	<u>(763)</u>	<u>(763)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(763)</u>	<u>(763)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-
FUND BALANCE - BEGINNING	<u>20,653</u>	<u>20,653</u>
FUND BALANCE - ENDING	<u><u>\$ 20,653</u></u>	<u><u>\$ 20,653</u></u>



BROWN & KENT, P.C.

Certified Public Accountants

951 S. Main St. • Suite 3 • Lapeer, MI • 48446 • (810) 664-4470 • Fax (810) 664-3601

To the Board Members
Oregon Township
Lapeer, MI 48446

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Township (the "Township"), as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that we consider to be material weaknesses.

We consider the following deficiency to be a material weakness:

Determine and record accrual adjustments.

During the audit, we generally provide significant assistance in identifying and proposing accrual adjustments to the accounting records. Accruals represent any adjustments other than cash that impact the accounting records (capital assets [including the recording of additions, depreciation expense and disposals], accounts payable, etc.). We are pleased to assist in this process since our staff of auditors have the expertise in accrual adjustments and can generally assist in an effective manner. However, we bring this to your attention since it meets the above definition of a matter to be communicated to those charged with governance.

This is a repeated comment from our letter dated November 8, 2007. We would expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate that as required by professional standards.

We consider the following deficiency to be a significant deficiency in internal control:

Preparation of full-disclosure GAAP financial statements.

Requirement: All Michigan governmental units are required to prepare financial statements in accordance with generally accept accounting principles (GAAP). This is the responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both, (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

Condition: The Township, as is common with smaller and medium-sized entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

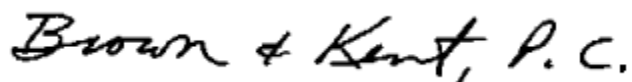
Effect: The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

This is a repeated comment from our letter dated November 8, 2007. We would expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate that as required by professional standards.

This communication is intended solely for the information and use of management, the Board, and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Board for the opportunity to serve as auditors for Oregon Township. Please contact us, if you have any questions regarding these or any other matters.

Sincerely,

A handwritten signature in black ink that reads "Brown & Kent, P.C." in a cursive, flowing script.

Certified Public Accountants

November 6, 2008



BROWN & KENT, P.C.

Certified Public Accountants

951 S. Main St. • Suite 3 • Lapeer, MI • 48446 • (810) 664-4470 • Fax (810) 664-3601

November 6, 2008

To the Board Members
Oregon Township
2525 Marathon Road
Lapeer, MI 48446

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Township for the year ended June 30, 2008, and have issued our report thereon dated November 6, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 15, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Oregon Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2008 fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board and management of Oregon Township and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Brown & Kent, P.C.

Certified Public Accountants